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BANK ORGANIZATION

JOHN R. BAER



1910

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PREFACE.

The author of this book is engaged in the organization and fostering of banks, and quite often he is called to towns where local organizers have been trying to organize a banking institution and failed, or, having succeeded in organizing, have not succeeded in making the venture a paying one. Very often these local men fail because they are trying to organize, or have organized a banking institution *where the bank has no possible chance for existence*, either because the banking facilities are already adequate in that town, or the field from which the new bank must draw its patronage is too limited, or if the field is there, they may be trying to organize before the project is ripe (the writer has watched territories for some time after the bank question was agitated before his judgment told him that the proper time to organize had arrived); or the failure may be attributed to wrong methods of organizing. The first three causes of failure can not be explained away in any text-book, but must come with a judgment ripened by experience, but for the purpose of pointing out *not the only proper* method of organizing, but *the method* which the author has used in organizing a large number of banks, all of which are paying institutions, this chapter on "ORGANIZATION OF BANKS" has been added to the author's book, "My First Year in Banking," of which this is merely a reprint.

While mainly intended for the organization of National Banks, the system is also suitable for State Banks and Trust Companies—only while the National Banking Laws are, of course, uniform, each State has its own regulations for its banking institutions, and the information concerning the legal requirements will have to be secured from the proper authorities in the State in which you are organizing.

Any points arising during the organization period that are not clearly brought out in this reprint will be cheerfully explained upon request.

JOHN R. BAER.

Corcoran Bldg., Washington, D. C.

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Election of Members and Officers of the Organization Board,
Organizing the _____ Bank of _____

A MEETING OF THE ORGANIZATION BOARD was
held at on the day of
., 19 . . at . . . P. M., in the office of
. No.
Street. There were present Messrs.
.
.
. The members
organized by selecting Mr.
as Chairman; Mr.
as Vice Chairman; Mr.
Secretary and as Treasurer.

The officers of the Board were requested to forward their
signatures to The
as Depository. Adjourned to meet at
on at
p. m. or subject to call.

Attest :

. Secretary.

Officers and Members of Organization Board, Organizing the
.....Bank of.....

Chairman

Vice Chairman

Secretary

Treasurer

MEMBERS:

Members and Officer of Permanent Board of Directors
Appointed

President

Vice President

Vice President

Vice President

Secretary

MEMBERS:

It is always advisable to make three Vice Presidents, as this will give you an opportunity to distribute the officers among your country directors, thereby linking a stronger chain between the bank and your future out-of-town patrons than if you kept all your officers confined to your home town.

METHODS OF ORGANIZING.

CONVERSION—REORGANIZATION—DE NOVO.

CONVERSION OF STATE BANKS.

Section 5154, United States Revised Statutes, provides for the conversion of banks existing under State laws into National banking associations and reads as follows:

Any bank incorporated by special law, or any banking institution organized under a general law of any State, may become a National association under this title by the name prescribed in its organization certificate; and in such case the articles of association and the organization certificate may be executed by a majority of the Directors of the bank or banking institution; and the certificate shall declare that the owners of two-thirds of the capital stock have authorized the Directors to make such certificate, and to change and convert the bank or banking institution into a National association. A majority of the Directors, after executing the articles of association and organization certificate, shall have power to execute all other papers, and to do whatever may be required to make its organization perfect and complete as a National association.

APPLICATION TO CONVERT A STATE BANK.

The name of the place should form a part of the title, thus, "The First National Bank of A———," but the name of the State should not be included.

Consideration will not be given to an application for a title including the word "First," if a National bank exists or has existed at the given locality; nor to an application for a title identical with that of a National bank heretofore in existence, nor to one materially similar to that of a National, State, or other bank existing in the place.

——— ———, 19—.

TO THE COMPTROLLER OF THE CURRENCY,

Washington.

SIR: Notice is hereby given that we, the undersigned, being a majority of the Board of Directors of "The ———— ————," having a paid in and unimpaired capital of \$———, intend to convert the said bank into a National banking association, in accordance with the provisions of section 5154 of the Revised Statutes of the United States, under the

Minutes of the..... Meeting of Organization Board.

title "The ————," to be located at ————, county of ————, State of ————, with capital of \$———.

We request that the title be reserved for a period of sixty days and the necessary conversion papers and instructions sent to ————, at ————.

Signatures of Directors.	Residences.

When the application to convert has received the Comptroller's approval, the shareholders should execute a form similar to the following, bearing in mind that at time of conversion there can be no change in amount of capital stock, par value of shares, or number of directors unless effected under State law prior to execution of papers other than application for authority to convert:

AUTHORITY FOR CONVERSION OF STATE BANK.

We, the undersigned stockholders of The ————, located in the ————, county of ————, State of ————, having a capital of ———— dollars, do hereby authorize and empower the Directors thereof to change and convert said bank into a National banking association under the provisions of section 5154 of the Revised Statutes of the United States, or of acts amendatory thereof; and we do also authorize said Directors, or a majority thereof, to make and execute the articles of association and organization certificates required to be made or contemplated by said statutes; and also to make and execute all other papers and certificates, and to do all acts necessary to convert the said bank into a National banking association, and to do and perform all such acts as may be necessary to transfer the assets of every description and character of the said State bank to the National banking association into which it is to be converted, so that the said conversion may be absolute and complete; and we do hereby assume, and authorize the said Directors to assume, as the name of the National banking association into which the said State bank is to be converted, "The ————;" and we do hereby appoint ————, ————, ————, who are now the Directors or the said State bank, to be the Directors of the said National bank, to hold their offices as such Directors until the regular annual election of Directors is held pursuant to the provisions of said Revised Statutes, and until their successors are chosen and qualified; and we do hereby authorize the said Directors of the said National bank to continue in office the officers of the said State bank, or to appoint or elect others.

In witness whereof we have hereunto set our hands and written

Minutes of the _____ Meeting of Organization Board.

against our names the number of shares owned by us, respectively, this
 ——— day of ———, A. D. ———.

Signatures of Stockholders.	No. of shares owned by each.

After executing this paper the Directors of the State Bank have full powers to execute all papers incidental to the conversion of the bank into a National banking institution.

Upon conversion the State Bank does not *dissolve*, but simply *changes* title, and the newly formed National Bank assumes and is liable for all obligations and may enforce all contracts of the State Bank.

The shareholders of the State Bank having authorized its conversion into a national banking association, the Directors should execute the "Articles of Association" and "Organization Certificate" as per the following forms, the signatures of a majority of the Directors being required:

ARTICLES OF ASSOCIATION.

(Executed in Duplicate.)

We, the undersigned, Directors of the ——— ———, having been authorized by the owners of two-thirds of the capital stock of said bank to change and convert the said bank into a National banking association, under the provisions of section 5154 of the Revised Statutes of the United States, or of acts amendatory thereof, and to execute articles of association, do hereby, in our own behalf, and in behalf of the stockholders whom we represent, make and execute the following articles of association:

First.—The title of the association into which the said State bank is to be changed and converted shall be "The ——— ———."

Second.—The place where its banking house or office shall be located, and its operations of discount and deposit carried on, and its general business conducted shall be the ———, county of ———, State of ———.

Third.—The Board of Directors shall consist of ——— ——— shareholders.

Fourth.—The regular annual meetings of the shareholders for the election of Directors shall be held at the banking house of this association on the second Tuesday of January of each year; but if no election shall be held on that day, it may be held on any other day, according to the provisions of section 5149 of the Revised Statutes of the United States, and all elections shall be held according to such regulations as may be

Minutes of the Meeting of Organization Board.

prescribed by the Board of Directors, not inconsistent with the provision of the National banking law and of these articles.

Fifth.—The capital stock of this association shall be ——— thousand dollars, divided into shares of one hundred dollars each; but the capital may, with the approval of the Comptroller of the Currency, be increased at any time by shareholders owning two-thirds of the stock, according to the provisions of an act of Congress approved May 1, 1886; and in case of the increase of the capital of the association, each shareholder shall have the privilege of subscribing for such number of shares of the proposed increase of the capital stock as he may be entitled to, according to the number of shares owned by him before the stock is increased.

Sixth.—The Board of Directors, a majority of whom shall be a quorum to do business, shall elect one of its members president of this association, who shall hold his office (unless he shall be disqualified, or be sooner removed by a two-thirds vote of all of the members of the board) for the term for which he was elected a director. The directors shall have power to elect a vice-president, who shall also be a member of the Board of Directors, and who shall be authorized, in the absence or inability of the president from any cause, to perform all acts and duties pertaining to the office of president, except such as the president only is authorized by law to perform, and to elect or appoint a cashier and such other officers and clerks as may be required to transact the business of the association; to fix the salaries to be paid to them and continue them in office, or to dismiss them, as, in the opinion of a majority of the Board, the interests of the association may demand.

The directors shall have power to define the duties of the officers and clerks of the association; to require bonds from them and to fix the penalty thereof; to regulate the manner in which elections of Directors shall be held, and to appoint judges of the elections; to make all by-laws that it may be proper for them to make, not inconsistent with law, for the general regulation of the business of the association and the management of its affairs, and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform under the Revised Statutes aforesaid.

Seventh.—This association shall continue for the period of twenty years from the date of the execution of its organization certificate, unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of its stock, or otherwise dissolved by authority of law.

Eighth.—These articles of association may be changed or amended at any time by shareholders owning a majority of the stock of the association in any manner not inconsistent with law; and the Board of Directors, or any three shareholders, may call a meeting of the shareholders for this or any other purpose not inconsistent with law by publishing notice thereof for thirty days in a newspaper published in the town, city, or county where the bank is located, or by mailing to each shareholder notice in writing thirty days before the time fixed for the meeting.

Minutes of the Meeting of Organization Board.

In witness whereof we have hereunto set our hands this _____ day
of _____.

ORGANIZATION CERTIFICATE.

We, the undersigned Directors of the _____, having been duly authorized by the owners of two-thirds of its capital stock to change and convert said bank into a National banking association, and to make the necessary organization certificate, under the provisions of section 5154 of the Revised Statutes of the United States, or of acts amendatory thereof, do sign and execute the following organization certificate, which we hereby declare we are authorized to make by the owners of two-thirds of the capital stock of the said State bank.

First.—The title of this association shall be "The _____."

Second.—The said association shall be located and continued in the _____ of _____, county of _____, and State of _____,¹ where its operations of discount and deposit are to be carried on.

Third.—The capital stock of this association shall be _____ dollars (\$_____), divided into _____ shares of _____ dollars each, as it is now divided in the said State bank.²

Fourth.—The name and residence of each of the stockholders of the said State bank, which is to become a National bank under the provisions of the Revised Statutes aforesaid, and the number of shares of _____ dollars each held by each stockholder are as follows:

Name.	Residence.	No. of shares.
_____	_____	_____

Fifth.—The certificate is made in order that the said State bank and the stockholders thereof avail themselves of the advantages of the aforesaid Revised Statutes, and that the said State bank may be changed and converted into a National banking association under the foregoing title.

In witness whereof we have hereunto set our hands this _____ day
of _____.

The signatures of a majority of Directors required.

¹ If Bank has branch or branches add after the words State of _____ "with branch at _____."

² If Bank has branch or branches add "of which amount \$_____ has been assigned and transferred to the branch at _____."

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STATE OF _____,

County of _____, ss:

Before the undersigned, a _____ of _____, personally appeared

Directors of the aforesaid State bank, to me well known, who severally acknowledged that they executed the foregoing certificate for the purposes therein mentioned.

Witness my hand and seal of office this _____ day of _____.

[OFFICIAL SEAL OF OFFICER.] _____

CERTIFICATE RELATIVE TO PAYMENT OF CAPITAL STOCK OF STATE BANK CONVERTING INTO NATIONAL BANK.

It is hereby certified that the _____ Bank _____ of _____, which is to be converted into "The _____ National _____ Bank of _____," in conformity with the provisions of section 5154 of the Revised Statutes of the United States, authorizing the conversion of "any bank incorporated by special law or any banking institution organized under a general law of any State," has a paid in and unimpaired capital of \$____.

_____,
President.

or

_____,
Cashier.

STATE OF _____,

County of _____, ss:

Subscribed and sworn to before the undersigned, a _____ of the said county, this _____ day of _____, 19—.

[OFFICIAL SEAL OF OFFICER.] _____

[Office.] _____

Duly qualified Directors of a State Bank being converted into a national bank may continue as directors, regardless of the number of shares owned, until the first annual election is held when, *to be eligible for reelection, they must own the number of shares required by the national bank act.* The oaths should be taken as directors of the national bank. Unless officers are re-appointed by the directors of the national bank subsequent to their qualification, the form requiring the signatures of the officers of the national bank (a copy of which follows) should show date of appointment by the directors of the State bank:

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BANK ORGANIZATION.

OFFICIAL SIGNATURES.

Official signatures of the president, vice-president, cashier, and assistant cashier of the ——— National Bank, located at ———, appointed at a meeting of the Board of Directors of the ——— State Bank, held on the ——— day of ———, 19—.

[SEAL OF BANK.]

———, *President.*

———, *Vice-President.*

———, *Cashier..*

———, *Assistant Cashier.*

BRANCH BANKS.

The only provision in the national bank act relating to branch banks is found in section 5155, United States Revised Statutes, and reads as follows :

It shall be lawful for any bank or banking association, organized under State laws and having branches, the capital being joint and assigned to and used by the mother bank and branches in definite proportions, to become a National banking association in conformity with existing laws, and to retain and keep in operation its branches, or such one or more of them as it may elect to retain. * * *

The granting of this special privilege to State banks and the absence of any similar provision in the law with respect to banks of primary organization have always been construed by the Comptroller to imply that banks of the latter class were not permitted to have branches. The section cited absolutely restricts branch banks of converted associations to such as have a definite proportion of the capital of the parent bank assigned to them, and it is not to be assumed that the law contemplated that the associations of primary organization should be permitted to assign any portion of their capital to and operate branches.

REORGANIZATION.

A State bank can liquidate, then *reorganize* itself into a National bank, the bank then purchasing the approved assets of the liquidated association. The capital stock must be represented by nothing but actual cash, and if the capital of the bank to be converted does not comply with the requirements of the U. S. Bank Act, it must be made to conform before conversion can be effected.

Minutes of the _____ Meeting of Organization Board.

CONVERSION OF PRIVATE BANKS.

The law is silent so far as the conversion of private banks is concerned; therefore, the only safe plan is by liquidating and reorganizing.

ORGANIZATION DE NOVO.

(Organizing a New Bank.)

FORMAL APPLICATION TO THE COMPTROLLER OF THE CURRENCY, WASHINGTON, D. C.

THE FIVE (5) ORIGINAL APPLICANTS.

(Sect. 5133, U. S. R. S.)

After not less than five of the representative citizens of a town have decided to organize a National bank, the first thing to do is to write to the Comptroller of the Currency, Washington, D. C., asking for an application blank.

(The writer uses the following form letter.)

TO THE COMPTROLLER OF THE CURRENCY,

Washington, D. C.

SIR: This town being in need of better banking facilities, a meeting was held and the banking needs of the town discussed, and it was decided to organize a National Bank.

Kindly mail application blank to

_____,
_____.
_____.

State Banks and Trust Companies, as a rule, do not require any application blanks.

Upon receipt of your letter at Washington, the following application will be mailed to you:

APPLICATION TO ORGANIZE A NATIONAL BANK.

The name of the place should form a part of the title, thus, "The First National Bank of A—," but the name of the State should not be included.

Consideration will not be given to an application for a title including the word "First" if a National bank exists or has existed at the given locality; nor to an application for a title identical with that of a National bank heretofore in existence, nor to one materially similar to that of a National, State or other bank existing in the place.

The application must be signed by at least five prospective shareholders and should be indorsed by three prominent persons, judge of court, postmaster, and mayor or other public officials.

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To the Comptroller of the Currency,
Washington.

Sir :

Notice is hereby given that we, the undersigned, being natural persons, and of lawful age, intend, with others, to organize a National Banking Association, under the title of "The.....
(See Note No. 1).....," to be located at....., County of....., State of....., with capital of \$..... (See Note No. 2)....., to succeed the..... (See Note No. 3)..... bank of..... Population,.....

We request that the title be reserved for a period of sixty days, and organization blanks and instructions sent to.....
(See Note No. 4)..... at.....

Signatures of applicants.	Residences.	Business.	Financial strength in figures.

The signers of this application are known by me to be reputable citizens; the information in reference to their business and financial standing is in my opinion correct; the statement as to population authentic, and I am of the belief that the conditions locally are such as to insure success if the bank is organized and properly managed.

....., Judge of Court.
....., Postmaster.
....., Mayor.

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NOTE ONE—THE TITLE—NATIONAL BANKS.

The name of the town must be a part of your title, *i. e.*, "The New Tripoli National Bank," "The Farmers' National Bank of Kutztown," but adding the name of the town as "The Kutztown National Bank of Kutztown," the "of Kutztown" being superfluous, would not be allowed.

Make the title as brief as possible. The writer knows where the Department took exception to unduly long and vague titles.

You can not get the title "The First National Bank of ——" if at any time previous to your organization there had been a bank of that title, nor can you have any title that might lead the public to confuse your institution with that of any other bank.

A great deal of useless correspondence can be avoided if you decide definitely upon your bank's title before filling in your application blank. Do not, after the organization is practically completed, decide to change the name. You will always find the Comptroller willing to oblige you whenever he can do so, yet if you stop to consider that your bank is but one of a great number being organized at that particular time, you will feel more like doing away with all unnecessary complications.

THE TITLE—STATE BANKS.

State laws do not, as a rule, require the names of towns to be a part of the corporate title.

NOTE TWO—CAPITAL STOCK—NATIONAL BANKS.

The minimum amount must be \$25,000 and this only in places of 3000 population or less. In places of 6000 or less the minimum capital must be \$50,000, if less than 50,000 the capital must be \$100,000, and all places over 50,000 the capital must be not less than \$200,000.

CAPITAL STOCK—STATE BANKS.

States vary in their capital stock requirements, and the desired information must be secured from your State Banking authorities.

NOTE THREE.

Fill in the name of the party who is acting as the Secretary of your Organization Board.

Minutes of the _____ Meeting of Organization Board.

ARE BETTER BANKING FACILITIES NEEDED?

In order to provide against the organization of unnecessary banks, and to keep in check those who are in the business of promoting banks, the Government will not grant you permission to organize unless you can show just reasons for the same—the writer reprints a copy of a letter of inquiry such as is mailed by the Comptroller to the original petitioners for permission to organize, and upon the answers received to these letters and the later examination made by some accredited party designated by the Department, depends the final action and seals the fate of your petition.

TREASURY DEPARTMENT.

WASHINGTON, D. C., —————, 19—.

Mr. —————,

Sir:

An application signed by you and others has been received, dated ———, for authority to organize “The First National Bank of ———,” capital \$25,000, the request being made that blanks for the organization of the bank be mailed to ———, ———.

For your information it may be stated that it is the policy of the Comptroller not to permit of the organization of a bank in a village or town where the deposits which would naturally come to it from the surrounding community will not be such as to sustain a prosperous and profitable bank. You are requested, therefore, to promptly advise this office whether you have given the case due consideration and are reasonably certain that there is sufficient business at ———, and local conditions are such as to insure success if the bank is organized and properly managed.

Please advise whether the demand for banking facilities at ——— originated with the signers of the application or some corporation or persons engaged in promoting the organization of national banks.

Upon receipt of reply to this letter, approval of the application will have consideration.

By direction of the Comptroller.

Respectfully,

—————,
Chief, Organization Division.

Minutes of the Meeting of Organization Board.

If upon due and impartial examination the Comptroller approves of your application, he will so advise you and furnish all necessary blanks, with full instructions for their proper execution, and you are then ready to begin active work, and you will be granted 60 days in which to complete your organization. You can, however, receive an extension of time if you find that the allotted time is not sufficient to complete your organization.

Your application having been granted and your papers and instructions received, your next step will be to appoint your

ORGANIZATION BOARD.

The five original petitioners should add to their number such men of prominence as they can interest in the project, and the writer does not add to his organization boards any person who does not contemplate standing for the directorship, so the suggestions found under the caption "Selecting Your Directors" should be taken in conjunction with this article.

NUMBER OF AND QUALIFICATIONS FOR DIRECTORSHIP—NATIONAL.

Sect. 5145, R. S., places the minimum number of directors at 5, *there being no maximum*, and Sect. 5146, R. S., provides that each director must own in his own right at least 10 shares of stock if the capital of the bank is over \$25,000, otherwise he must own at least five shares. That at least three-fourths of the directors must have resided in the State or Territory in which the bank is located for a year or more preceding their election, and must be residents therein during their continuance in office.

That no part of the stock held by a director shall be pledged in any manner.

NUMBER OF AND QUALIFICATIONS OF DIRECTORSHIP—STATE.

No uniform requirements.

SELECTING DIRECTORS.

Before you should attempt to sell any shares in your institution, you should make up a "Temporary Board of Directors,"

Minutes of the Meeting of Organization Board.

known as the "Organization Board," the same to become the "Permanent Board of Directors" when your "Articles of Incorporation" have been duly executed. By "Articles of Incorporation" is meant the "Articles of Association" and "The Organization Certificate," as the date of the latter determines the date of the "Organization Board's" becoming a body corporate. Your Board should consist of the most conservative men in your locality. Men who are held in the highest esteem, *for your bank will be judged by the standing of the men comprising its Board;* and do not forget that the possession of mere wealth is not necessarily a safe criterion to go by while judging a man's qualifications for a directorship, for a man who has acquired several thousand dollars by his own unaided efforts, is often more worthy of respect than the man who merely inherited a fortune that somebody else had accumulated.

Try and get men who have made a success of their own business, and get representative men from various lines of business, thereby diversifying the business interests of your town, for if you get too many of one and the same business on the board, your bank may be nick-named after that particular business. The writer has known of one bank that had five landlords on its board and the bank was called the "Hotel Keepers' Bank," and in spite of everything they could do, the name stuck until they removed three of the hotel men and substituted others. *Remember, it is the personality of the man that counts, and not his money;* therefore, go slow and be sure and get the strongest man in each locality. And right here let me tell you, do not place too many of your townsmen on your board, but take your map and draw a circle clean around your town, then pick out the locations from which you can reasonably expect to draw your business and place your directors there; in this manner complete the circle, and by so doing you will concentrate the business and draw it to your town, *which is one of the main reasons that prompted you to organize.*

SELLING STOCK.

Having filled your Organization Board and thereby selected your future directors, you are now ready to secure subscriptions to your capital stock. Make each one of your directors a nucleus around which to sell your shares, allowing each director

Minutes of the --- Meeting of Organization Board.

to give you his own list of probable shareholders in his territory and restrict your shareholders to those whose names you find on these lists, and by the time you have completed the circle you will find your shares all sold and *every share thus sold will represent future business*, for by selling along these lines you will not sell any shares to those who would buy simply for the sake of safely investing their surplus cash, but to those who, having the welfare of the bank at heart, will not only become depositors themselves, but will influence as many others as they can.

Follow this plan faithfully and you will be surprised at the result, as many years' experience has fully proven the wisdom of this course.

By following the above plan the writer's company often succeeds in getting from 75 to 200 shareholders for a \$25,000 or \$50,000 bank.

SUBSCRIPTION LIST.

The Bank Act does not provide for the filing of a list of the subscribers to the Capital Stock of a National Bank, therefore no blank subscription list is furnished by the Government.

USUAL FORM OF SUBSCRIPTION PAPER.

We, whose names are hereunto signed, do hereby subscribe, in the proportion hereunto set opposite our respective names, for the stock of a National Banking Association to be organized under the laws of the United States with a capital stock of ——— thousand dollars, divided into ——— shares of a par value of One Hundred Dollars each, the said National Banking Association to be located in the ——— of ——— State of ———, and to be called "The ———.

Signatures.	Residence.	Shares.

Minutes of the _____ Meeting of Organization Board.

The writer prefers and uses the following individual subscription form :

No.

APPLICATION FOR SHARES IN

THE FARMERS' NATIONAL BANK OF NEW TRIPOLI, PA.

To the Organization Board for the Proposed Bank :

I subscribe for shares of the Capital Stock in a bank to be organized by you according to law and agree to pay for same by monthly payments as called for by your Organization Board or the Directors.

I agree that the amount of the Bank's Capital is to consist of all the shares sold and will be at least the minimum authorized here by law. Each share sold shall be issued at \$125.00, of which par value is \$100 and \$25, a subscribed premium, is for undivided profits, part of which you may use for an Organization Fund to purchase books, checks and supplies and pay legal and other expenses incidental to organization and for securing the bank's capital, as agreed by the Organization Board, a quorum of which is authorized to act as my attorneys-in-fact in all affairs relating to securing subscriptions, organization and charter, and apportioning shares. This subscription is made in connection with the subscriptions of others for the same object, on the same terms. I understand no person has authority to vary or waive printed terms on this paper or your agreement with depository.

I pay \$ by check or money herewith as evidence of my good faith.

Witness my hand and seal this day
of 1909.

WITNESS :

..... [SEAL]
Name in full.

.....
P. O. Address

Please pay \$5 a share on subscription to Secretary of Organization Board when making subscription. Make Check payable to Collegeville National Bank, Collegeville, Pa.

ORGANIZATION BOARD FOR THE FARMERS' NATIONAL BANK

New Tripoli, Pa., 190

Received of Mr.

.....for the first payment of **Five Dollars** on each of.....
shares of stock at \$125 a share, subscribed in this proposed Bank,
payable in monthly instalments, as called for by the Organiza-
tion Board or the Directors.

\$..... Secretary.

Minutes of the ----- Meeting of Organization Board.

This individual form is preferable, for as you notice the money collected on subscription is placed on deposit in a national bank for safe keeping, instead of into the hands of one of the members of the organization board or the promoter. This makes the selling of the stock much easier, as it insures the subscribers of the safety of their funds and they feel perfectly safe, knowing that if for any reason the bank fails to organize, they will have all their money returned to them.

“ This Individual Subscription Form is not a legal form, neither is the Organization Board as yet a legal body, therefore, you can not hold any subscriber who at this time wishes to withdraw his subscription.” This is the writer’s contention, although some authorities claim that all subscribers can be held liable; however, it does not not pay to contend with would-be subscribers, as you will find that the shares will sell readily enough and you can not afford to make any enemies for the new institution, so it is the writer’s unfailing policy that whenever any subscriber asks to have his subscription paper returned, to do so without any hesitancy whatsoever.

However, after the Board becomes a body corporate, which will be just as soon as the “ Articles of Association ” and the “ Organization Certificate ” have been duly executed (Section 136 R. S.) and the Directors have accepted the subscription by issuing the subscriber’s certificate, offering him an opportunity to vote his stock; then the subscription being recognized, the subscriber is bound for payment, if the Board wishes to hold him.

AUTOGRAPHIC LIST.

You will find an “ Autographic List,” such as is shown below of material assistance in selling your stock, as it helps to inspire the would-be subscriber with confidence in the project to see the signatures of the officers and the seal of the National Bank vouching for the comparative safety of the funds during the organization period.

This list was suggested by Mr. L. O. Davis, of Lancaster, Pa., the writer’s partner in the organization of banks.

Minutes of the Meeting of Organization Board.

To Whom It May Concern:-

This is to certify that "THE WESTERN NATIONAL BANK, OF YORK, PA." is the authorized, official depository for the funds of "THE DOVER NATIONAL BANK" of Dover, Pa., now organizing and that it will act in such capacity until the organizing bank is ready to assume the handling of its own funds and open for business.

Witness our Hand and seal at York, Pa., this 20th day of November, 1900.

THE WESTERN NATIONAL BANK,
YORK, PA.

By *St. Rue*
Cashier.

This is to certify that we whose names are signed below are subscribers for shares in THE DOVER NATIONAL BANK, now organizing, and have made the first payment of five dollars per share.

We believe that shares in a National Bank in Dover, Pa., are a good investment, and hope to see the shares subscribed by a large number of residents of this community.

J. M. Moss
E. V. Daron
G. D. Hoffman
R. D. Lauer

Minutes of the Meeting of Organization Board.

PROSPECTUS.

The author's firm issues weekly prospectus and finds that it pays. Mail same to every name on your P. O. list, and when you come to sell them shares in your bank, they will know all about the proposition.

THE FARMERS' NATIONAL BANK OF McALLISTERVILLE, PA.

ORGANIZING.

The Business Men and other Citizens of McAllisterville and vicinity who are organizing "The Farmers' National Bank," desire to express their sincere appreciation of the splendid support and encouragement they have received. The organization is daily receiving added support from merchants, farmers, and thrifty citizens generally, who believe a National Bank will be a valuable business aid to the community and that its stock is an ideal investment both for security and profit.

The growth of the movement is evidenced by the way the subscriptions are pouring in and the size and enthusiasm of the Thursday evening meetings, which have already outgrown the original meeting place and forces us into a larger room, where each meeting night some subject referring to "Banking and Its Laws" will be discussed.

Shares will be sold at \$110 each. Subscribers are expected to pay \$5 per share when making subscription, the balance to be paid as follows: \$15 per share June 15th; \$40, July 5th; \$10, August 16th; \$10, September 15th; \$10, October 15th; \$10, November 15th; \$10, December 15th.

The men interested decided to have a National Bank, chiefly because of the known conservatism and success of these institutions, which are under the strict supervision of the U. S. Government Officials, who keep in touch by frequent certified reports of the condition of the bank and by personal examinations made by the bank examiners. The National law provides safeguards for depositors and stockholders. Every stockholder is entitled to vote at the stockholders' meetings of the bank, and all will be kept advised as to the condition and progress of their institution.

Bank stocks steadily increase in value, and are in such demand by conservative investors that it is generally impossible to obtain them, except by paying a large premium, unless secured at the time of bank organization, and such opportunities are few.

Anyone wishing to subscribe for shares should make check for the first installment of \$5 per share payable to M. L. KNOUSE, Treasurer, and mail the same to L. O. Davis, Secretary, McAllisterville, Pa.

Further information or application blanks may be procured from any of the following named members of the Organization Board:

J. A. YARKERS, <i>President</i> .	SYLVESTER ARNOLD,
T. T. DAVIS,	JACOB BAY,
HENRY BROWN,	M. L. KNOUSE, <i>Treasurer</i> ,
WM. LAUBER,	CHRISTIAN BENNER,
JOHN H. SHELLENBERGER,	H. A. BEYER,
WM. H. SIEBER,	GEORGE WATTS.
LEO SHELLENBERGER,	

PUBLIC BANK MEETINGS.

Every Thursday Evening at eight (8) o'clock there will be held in the School House at McAllisterville, public meetings at which banking topics will be discussed. All are invited to attend and take part in the discussions. A special invitation is extended to the ladies.

Minutes of the ————— Meeting of Organization Board.

A NEW BANK FOR KUTZTOWN

ORGANIZING

A number of the Business Men and Farmers substantially interested in the progress and welfare of Kutztown, Pa., and vicinity, have associated themselves for the purpose of organizing a second bank, to be located in Kutztown.

The reason for this is, first, that another bank, operated by business men along progressive lines, will be the means of upbuilding trade and industry here to the great advantage of those who own property or are engaged in business in this section. At the same time the organizers believe that a second bank in this community operated by leading business men and farmers on approved co-operative principles, will receive a large patronage, and, in addition to paying the usual cash dividends of prosperous banks, there will be an excess of profits that will each year substantially increase the surplus and undivided profit fund of the bank. This bank will be controlled by carefully selected local men of known business ability.

The men interested have for some time been contemplating this move and have met several times to consider matters pertaining thereto. They have employed John R. Baer and L. O. Davis to assist them in the work of placing the shares and getting the bank fully organized. Messrs. Baer and Davis were formerly in the employ of the Manhattan Trust Security Co., of Philadelphia, and assisted in organizing banks at Fleetwood, Bernville, Hamburg, Mohnton and Oley, all in Berks county, besides assisting at a number of towns in adjacent counties.

Bank stocks steadily increase in value, and are in such demand by conservative investors that it is generally impossible to obtain them, except by paying a large premium, unless secured at the time of bank organization, and such opportunities are few. Every stockholder is entitled to vote at the stockholders' meetings of the bank, and all will be kept advised as to the condition and progress of the institution. Whether or not the charter shall be applied for under the federal or state jurisdiction will be decided at a later date.

There will be five hundred shares of stock offered to the public. Every share will be sold at the uniform price of \$125 each, of which the first instalment of \$5 a share is payable with the subscription. The balance will be due as called for by the Organization Board and will probably be payable as follows: \$15 April 1st; \$45 May 1st; \$12 June 1st; \$12 July 1st; \$12 August 1st; \$12 September 1st; \$12 October 1st, of which subscribers will be duly notified by mail. The bank may open for business when \$65 per share has been paid in.

Persons desiring to subscribe for shares will please make check for the first instalment of \$5 a share payable to order of The First National Bank of Fleetwood, which has been selected as the temporary depository for the funds, and mail check to L. O. Davis, Secretary, Box 20, Kutztown, Pa.

For further information see either Mr. Baer or Mr. Davis at the Keystone House, or any of the following members of the Organization Board:

CHAS. W. MILLER,
JOHN A. SCHWOYER,
DR. N. Z. DUNKELBERGER.

J. F. ZIMMERMAN,
D. L. NICKS,
ARTHUR BONNER.

Minutes of the _____ Meeting of Organization Board

THE CLEARSRING BANK

CLEARSRING, MD.

HALF THE SHARES DISPOSED OF

The gentlemen who have banded themselves together for the purpose of organizing the Clearspring Bank are very highly gratified at the unusual progress that is being made in effecting the organization; the shares are rapidly being subscribed for by our best citizens and all present indications more than seem to show that the shares will be held by a large number of the citizens of Clearspring and immediate vicinity. This method of distributing the shares in small blocks amongst a large number of holders foreshadows the future success of the bank, for it is only reasonable to suppose that those who purchase shares in the bank will favor it with their influence and patronage.

The Organizers are especially pleased at the progress being made, because they are thoroughly convinced that a local bank, operated by business men along progressive lines, will be the means of upbuilding trade and industry in Clearspring to the great advantage of those who own property or are engaged in business in the town or community. At the same time they believe that a bank in Clearspring operated by leading business men and farmers on approved co-operative principles, will receive a large patronage, and in addition to paying the usual cash dividends of prosperous banks, there will be an excess of profits that will each year substantially increase the surplus and undivided profit funds of the bank. This bank will be controlled by carefully selected local men of known business ability.

Bank stocks steadily increase in value, and are in such demand by conservative investors that it is generally impossible to obtain them, except by paying a large premium, unless secured at the time of bank organization, and such opportunities are few. Every shareholder is entitled to vote at the shareholders' meetings of the bank, and all will be kept advised as to the condition and progress of the institution. Whether or not the charter shall be secured under the federal or state jurisdiction will be decided at a later date.

There will be two hundred and fifty shares offered to the public. Every share will be sold at the uniform price of \$125 each, of which the first installment of \$5 a share is payable with the subscription. The balance will be due as called for by the Organization Board and will probably be payable as follows: \$15, Dec. 15th; \$40, Jan. 15th, 1910; \$13, Feb. 15th; \$13, Mar. 15th; \$13, April 15th; \$13, May 15th; 13, June 15th.

The Harrisburg National Bank, Harrisburg, Pa., has been selected to act as depository for the first \$5 per share. In case the Clearspring Bank fails to organize the amount paid by subscribers will be returned to them by said bank.

Persons desiring to subscribe will please make check for the first installment of \$5 per share, payable to the Harrisburg National Bank and mail or hand check to Baer & Davis, Clearspring, Md., (Potomac House, or hand to any of the following interested persons, from whom further information may be secured:

GEO. T. PRATHER
G. HOWARD SMITH,
FRANK A. SEIBERT,
CHARLES SMITH,
HENRY HELSER,
DANIEL SEIBERT,
JOHN F. SOWERS,

N. E. FUNKHOUSER,
W. S. CORBETT,
DAVID R. SMITH,
JACOB ANKENY,
JOS. A. SEIBERT,
W. W. SEIBERT,
DR. A. SHANK.

PUBLIC BANK MEETING.

On Saturday evening at 7.30 o'clock, a public meeting will be held in the Odd Fellows' Hall, at Clearspring, at which meeting BANKING TOPICS will be discussed and any information asked for concerning banking will be given. MEETING OPEN TO ALL. A special invitation is extended to the ladies.

Minutes of the _____ Meeting of Organization Board.

Adv. No. 4

July 29th

The First National Bank

OF BORDENTOWN, NEW JERSEY

ORGANIZING

151 SUBSCRIBERS!

The Business Men and other citizens of Bordentown who are organizing the First National Bank desire to express their sincere appreciation of the splendid support and encouragement they have received. The organization is daily receiving added support from merchants, farmers and thrifty citizens generally, who believe the First National Bank will be a valuable business aid to the community, and that its stock is an ideal investment, both for security and profit.

That the movement grows is shown by the subscriptions in hand as follows: July 15th, 62 subscriptions; July 22d, 106, and July 29th, 151 subscriptions. Of the 500 shares allotted to Bordentown, only a small number remain unsold and the 250 allotted to the adjoining territory are being rapidly taken in small subscriptions by farmers, merchants and others, so that the balance of the stock is expected to be held by about 200 shareholders, thus assuring the popularity and support of the National Bank after it opens for business about the middle of October.

Those desiring to secure shares should do so at once. This will be a home Bank, owned, directed and officered by home people. No person may subscribe for more than 10 shares, and every stockholder is entitled to vote at meetings of the stockholders.

Every share is issued and sold at the uniform price of \$125, and is payable \$5 a share with subscription for the July payment and subscribers will be notified by mail in due time afterwards of the remaining payments as follows: August 15th, \$10; September 15th, \$10; October 15th, \$40; November 15th, \$12; December 15th, \$12; January 15th, \$12; February 15th, \$12, and March 15th, \$12.

Persons desiring to subscribe will please make check for the first instalment for \$5 a share payable to "First National Bank of Trenton," the temporary depository for funds, and they may leave same at the temporary office in the W. C. T. U. library room over Beatty's grocery. Information will be cheerfully furnished at the office, or by any of the undersigned subscribers:

FREDERICK J. POTTER,	GEORGE L. ROBBINS,	JOSEPH L. OSMOND.
JAMES TANTUM,	JOHN KENNER,	JAMES S. GILBERT, M. D.,
SAMUEL E. BURR,	HARRISON G. WRIGHT,	JACOB HOLZBAUR,
DAVID R. BROWN,	WM. MCK. MORRIS,	SAMUEL ROBINSON,
WILLIAM WARRACK,	CHARLES E. BURR,	A. M. PARKER,
GEORGE F. DEACON,	WALTER FOSBROOK,	S. F. GARRISON,
FRANK H. HOLLOWAY,	WILLIAM E. WARNER,	JOSEPH R. DEACON,
JOSHUA EMORY,	FRANK T. BUCHANAN,	AND OTHERS.

Or, address SECRETARY OF ORGANIZATION BOARD, P. O. Box 383, Bordentown, N. J. Interstate 'phone, 120. Subscriptions received at office, or by solicitor, L. O. Davis.

Minutes of the Meeting of Organization Board.

PRICE OF STOCK.

The law requires that the Capital Stock of a National Bank shall be paid in cash at par (\$100), but the Organization Board has a perfect right to ask that a premium be paid for the stock. The writer always prefers his Board to ask at least \$125.00 per share, \$100.00 being the par value of the stock of all National Banks and the \$25.00 is credited to the Undivided Profit Fund and after the expenses of organizing are deducted, the balance is placed in the Surplus Fund, for if the bank starts with a surplus of 25%, then at first distribution of dividends the net earnings can all be distributed, if it is so desired, and while this would not be considered good banking, yet the writer has seen conditions when it paid the bank very well to do so.

HOW PAYMENTS ARE TO BE MADE.

The usual custom is to allow stock to be paid for in instalments, although it is an open question whether the law makes same compulsory, yet the instalment plan is the best plan, for it will allow you to secure a larger number of subscribers for your stock. It is nothing unusual for the writer's solicitors to secure from 75 to 200 subscribers for a \$25,000 or \$50,000 bank.

When subscriptions to stock are paid for in instalments, "Temporary Certificates ought to be issued, and the amount of payments credited thereon upon full payments having been made and the surrender of the Temporary Certificates, the permanent "Certificates of Stock" are to be issued.

PRICE OF STOCK.

The present Comptroller, Mr. L. O. Murray, who is watching the National Banks closer than any previous official has ever done, and who is doing all that is in his power to strengthen the banks throughout the entire country, is now advocating something that the writer has been trying to accomplish for some years, as explained in this article, which appeared in the "Philadelphia Record," issue of September 17, 1910:

AIM TO MAKE BANKS SAFER.

NEW LEGISLATION PLANNED TO REDUCE CHANCES OF FAILURES.

Important changes in the national bank law may be proposed to the next Congress, one of them being to compel newly-organized national banks to provide a surplus and an absolutely unimpaired capital the day they begin business. Under the present system a national bank with a paid-in capital of \$25,000 will spend probably \$5000 at the start for fixtures, books and other necessities, thus impairing its capital. In some cases it has been two years before the bank earned enough to wipe out that amount and have its capital stock unimpaired. Even then it had no surplus.

The idea is to compel the organizers of a bank to provide a 20 per cent. surplus at the start. It is understood that such a plan will be urged upon banks now forming, and that others will be urged to discontinue dividends until their surplus is accumulated.

There is also some talk of trying to increase the efficiency of national bank examiners by asking Congress to create places for supervisory examiners who can superintend the work of the men in the field.

Other plans for the better regulation of national banks, all intended to reduce the possibilities of failures, are being considered and probably will find their way to Congress through the Monetary Commission or officials of the Treasury Department.

Minutes of the Meeting of Organization Board.

No. Shares

TEMPORARY CERTIFICATE TO SUBSCRIBER FOR STOCK OF THE

This is to Certify, THAT

is a subscriber for shares of the capital stock of the above institution now organizing, and that upon full payment therefor, and surrender of this temporary certificate, a permanent certificate of stock will be issued by the institution in due course. The receipt of installments as paid is endorsed on the back hereof.

.....
Treasurer.

.....
Chairman or Secretary.

REVERSE SIDE OF TEMPORARY CERTIFICATE.

RECEIPTS FOR INSTALMENTS PAID ON WITHIN SHARES.

1st installment, amounting to \$	rec'd	19.....	by.....
2d " " \$	"	19.....	"
3d " " \$	"	19.....	"
4th " " \$	"	19.....	"
5th " " \$	"	19.....	"
6th " " \$	"	19.....	"
7th " " \$	"	19.....	"
8th " " \$	"	19.....	"

This certificate should accompany payment of each instalment for record entry hereon. Temporary certificates are transferable.

Assignment Form.

For value received, I hereby transfer and assign to _____
 this temporary certificate, and hereby appoint and constitute _____
 my true and lawful attorney to transfer said certificate, with full power of substitution in the
 premises.

Dated at _____ this _____ day of _____ 19 _____

Witness :

(L. S.)

Subscriber

FORMING PERMANENT BOARD OF DIRECTORS.

After the stock has all been sold, you will be ready to call a meeting of your Organization Board, and after having gone over, apportioned and accepted your stock list, a motion to disband will be next in order, and the author uses the following order in winding up the Organization Board:

“ *Mr. Chairman,*

I move you Sir, that we appoint Messrs. (naming all the members of the Board who are to serve as Directors) to serve as “ Directors of the National Bank of ” for the ensuing year, and until their successors have been elected and duly qualified, and that we turn over to these gentlemen all unfinished business and unfulfilled obligations assumed by this Board.”

This motion being properly carried, a second and last motion is in order.

“ *Mr. Chairman,*

I move you Sir, that this Organization Board, having fulfilled the object for which it was formed, we now disband.”

Upon this motion being carried, the Chairman declares the Organization Board disbanded.

You are now ready to fill in your “ Organization Papers,” and a full set is included in these papers *with full instructions*, and if you follow the “ Letter of Instructions ” which accompanied the papers, you will have no difficulty in properly filling them out.

NOTE.—Appointing the Directors in the above manner is, of course, subject to the consent of the majority of the stockholders, and the stockholders still have the power to protest against the Board as appointed and elect their own board, but usually when appointed as above the Board stands by the passive acquiescence of the stockholders.

Minutes of the Meeting of Organization Board.

THE COMPTROLLER'S LETTER OF INSTRUCTIONS AS TO HOW TO FILL IN ORGANIZATION PAPERS.

TREASURY DEPARTMENT, OFFICE OF THE COMPTROLLER OF THE
CURRENCY.

————— Oct. —, 19—.

Mr. Jno. R. Baer,
No. 2915 N. Park Ave.,
Philadelphia, Pa.

Sir:

The application signed by and others, dated Sept. 11,, for authority to organize "The" to be located at, with capital stock of \$....., meets with approval.

The title selected will be reserved for a period of sixty days to enable the persons interested to effect the organization of the bank, the required blanks for which purpose are inclosed.

By carefully observing the following instructions and the explanatory notes on the blanks, in executing the latter, delay in establishing the bank will be avoided:

ARTICLES OF ASSOCIATION.

SECTION 1.—*Insert the title of the bank as approved.*

SEC. 2.—Insert name of the village, town, or city, and that of the State.

SEC. 3.—Instead of specifying that the Board of Directors shall consist of a definite number of shareholders, this section may provide: "The Board of Directors shall consist of not less than (here insert minimum number of directors) nor more than (here insert maximum number of directors) shareholders." If Directors are appointed, the last four lines of this section with regard to holding a meeting of shareholders for the election of Directors should be crossed off and the names of the Directors inserted, adding the following clause: "Are hereby appointed Directors of this association to hold their offices as such until the regular annual election takes place, pursuant to the 4th article of these articles of association.

SEC. 4.—Insert amount of authorized capital stock. There should appear on page 2 of the articles the signatures of at least five persons, a majority of whom signed the application for authority to organize the bank.

Minutes of the Meeting of Organization Board.

ORGANIZATION CERTIFICATE.

SECTION 1.—Insert the title of the bank as approved.

SEC. 2.—In specifying name of place, indicate whether "village," "town," or "city," and also give names of county and State.

SEC. 3.—In addition to entering amount of capital, give the number of shares into which it is divided.

SEC. 4.—Insert names of shareholders, residences (town or city and State), and number of shares held by each for which certificates are to be issued to said shareholders when the bank is chartered and the stock has been paid for, as required by section 5140 of the United States Revised Statutes, transfers to be made in the regular manner in the case of any stock which changes ownership.

There should appear on page 3 of the organization certificate the signatures of the persons who signed on page 2 of the articles. Acknowledgement must be made before a judge of court or notary public.

OATHS OF DIRECTORS.

Be particular to insert title of bank, location, name of State in which the Director resides, place of residence after signature of Director, and have the paper executed before an officer having a seal, if possible. In case the officer administering the oath has no seal, a certificate of the proper State, county, or court official to the effect that such officer is authorized to take acknowledgments must be attached. When the Directors qualify jointly, it is unnecessary for each to make an individual oath.

Under section 5146 of the United States Revised Statutes as amended February 28, 1905, every Director must own in his own right at least 10 shares of capital stock of the association, unless the capital shall not exceed \$25,000, in which case he must own in his own right at least 5 shares.

SIGNATURES OF OFFICERS.

The signatures of all officers should be given, together with the date of the meeting of the Board of Directors at which the appointments were made.

Officers can not be appointed until the Directors qualify as required by law.

While it is desirable that the seal of the bank be affixed, the paper need not be withheld for that purpose, if such action will materially delay organization. Forwarding with without seal will necessitate the resubmission of the signatures, under seal, after charter is issued.

CERTIFICATE OF OFFICERS AND DIRECTORS RELATIVE TO PAYMENT OF CAPITAL STOCK, AND COMPLIANCE WITH OTHER LEGAL REQUIREMENTS.

Insert the exact title of the bank and place of location, together with the amount of the authorized capital stock and the first instalment paid in, not less than 50% : give the name, place of residence (town or city and

Minutes of the ----- Meeting of Organization Board.

State), and number of shares of stock of each Director, which must correspond with the number listed in the organization certificate. (Directors must not sign their own names on page 1.)

There should be given on page 2 the signatures of a majority of the Directors, and the president or cashier, all of whom are required to make proper acknowledgment. This certificate should not be executed until the Directors have taken the oath above referred to, as required by section 5147, United States Revised Statutes. (Directors must affix their own signatures on page 2.)

The bank does not become a body corporate until the execution of the articles of association and organization certificate; and, as the date of the last acknowledgment of the latter determines the time when the corporate existence begins, all other documents—oaths of directors, signatures of officers, certificate of payment of capital stock, etc.—must necessarily bear that date or one subsequent thereto.

In the event that the business of any other bank is to be acquired, a statement should be forwarded on the blank inclosed for that purpose, signed by at least a majority of the directors, to the effect that any assets which may be purchased, or otherwise acquired, will not include real estate except banking premises, stocks, loans secured by real estate, nor any loan in excess of 10% of the capital stock of the National bank actually paid in and unimpaired and 10% of the unimpaired surplus fund, the total not to exceed 30% of the capital stock.

Upon the return of the inclosures properly executed and the deposit of the required amount of United States bonds as security for circulation, the certificate authorizing the bank to begin business will be promptly issued, provided all legal requirements are found to have been satisfied. *The Comptroller should be advised of the name and address of the officer or other person to whom the certificate is to be mailed.* The bank may begin business on receipt of telegraphic advice of the issuance of charter.

As it is desirable to have the charter number of the bank upon its letter head, it is suggested that the ordering of permanent stationery be deferred until receipt of the telegram or charter.

Respectfully,

WM. B. RIDGELY,

Comptroller.

Incs.

Minutes of the — Meeting of Organization Board.

PROPER OFFICIALS TO ADMINISTER "OATHS OF OFFICE AND TO RECEIVE ACKNOWLEDGMENTS."

There is always so much uncertainty as to the proper official to administer the "Oath of Office," receive acknowledgments, and to execute the organization papers that the author deems it expedient to deal with the subject in detail.

1.—Articles of Association—No acknowledgment necessary.

2.—Organization Certificate—Notary Public, Judge of Court. (Section 5134 R. S.)

3.—Oaths of Directors—While being sworn into office—Notary Public, Justice of the Peace, Judge of Court. (Section 5147 R. S.)

4.—Oaths of Directors—Relative to payment of Capital Stock—Justice of the Peace, Notary Public, Judge of Court. (5168 R. S.)

5.—After Organization—All acknowledgments must be made before a Notary Public.

NOTARY PUBLIC.

Can a Notary Public be an officer in a National bank and act as its Notary? Yes; but he can not receive his own acknowledgment nor that of the president and cashier relative to the condition, earnings and dividends of the bank, *i. e.*, if he is a director, cashier, teller, or bookkeeper.—(5211-5212 R. S.)

Can a Notary Public protest paper if he owns shares in the bank? Yes.—U. S. C. C. of A.

Can a Notary Public own shares in a bank and act as Notary, swearing in the directors, receive their acknowledgments and fill out organization papers? Yes.

ORGANIZATION PAPERS.

(To be executed in consecutive order.)

1. Articles of Association.
2. Organization Certificate.
3. Oaths of Directors.
4. Certificate as to Payments on Capital Stock.
5. Order for Circulation.
6. Signatures of Officers.

ARTICLES OF ASSOCIATION

(Executed in duplicate)

[Always fill out this paper first.]

For the purpose of organizing an Association to carry on the business of banking, under the laws of the United States, the undersigned subscribers for the stock of the Association hereinafter named do enter into the following Articles of Association :

First.—The title of this Association shall be “The

Second.—The place where its banking house or office shall be located, and its operations of discount and deposit carried on, and its general business conducted, shall be

Third.—The Board of Directors shall consist of

.....shareholders.

(See foot-note concerning appointing Directors.)

The first meeting of the shareholders for the election of Directors shall be held at on the, or at such other place and time as the majority of the undersigned shareholders may direct.

Fourth.—The regular annual meetings of the shareholders for the election of Directors shall be held at the banking house of this Association on the second Tuesday of January of each year; but if no election shall be held on that day, it may be held on any other day according to the provisions of section 5149 of the Revised Statutes of the United States, and all elections shall be held according to such regulations as may be prescribed by the Board of Directors, not inconsistent with the provisions of the National Banking Law, and of these articles.

Fifth.—The capital stock of this Association shall be \$. dollars, divided into shares of one hundred dollars each; but the capital may, with the approval of the Comptroller of the Currency, be

Minutes of the ————— Meeting of Organization Board.

increased at any time by shareholders owning two-thirds of the stock, according to the provisions of an act of Congress approved May 1, 1886; and in case of the increase of the capital of the Association, each shareholder shall have the privilege of subscribing for such number of shares of the proposed increase of the capital stock as he may be entitled to according to the number of shares owned by him before the stock is increased.

Sixth.—The Board of Directors, a majority of whom shall be a quorum to do business, shall elect one of its members President of this Association, who shall hold his office (unless he shall be disqualified, or be sooner removed by a two-thirds vote of all the members of the Board) for the term for which he was elected a Director. Directors shall have power to elect a Vice-President, who shall also be a member of the Board of Directors, and who shall be authorized, in the absence or inability of the President from any cause, to perform all acts and duties pertaining to the office of President except such as the President only is authorized by law to perform, and to elect or appoint a Cashier, and such other officers and clerks as may be required to transact the business of the Association; to fix the salaries to be paid to them, and continue them in office, or to dismiss them as, in the opinion of a majority of the Board, the interests of the Association may demand.

The Directors shall have power to define the duties of the officers and clerks of the Association, to require bonds from them, and to fix the penalty thereof; to regulate the manner in which elections of Directors shall be held, and to appoint judges of the election; to make all by-laws that it may be proper for them to make, not inconsistent with the law, for the general regulation of the business of the Association and the management of its affairs and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform under the Revised Statutes aforesaid.

Seventh.—This Association shall continue for the period of twenty years from the date of the execution of its Organization Certificate unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of its stock, or otherwise dissolved by authority of law.

Eighth.—These Articles of Association may be changed or amended at any time by shareholders owning a majority of the

Minutes of the..... Meeting of Organization Board.

stock of the Association, in any manner not inconsistent with law; and the Board of Directors, or any three shareholders, may call a meeting for this or any other purpose, not inconsistent with law, by publishing notice thereof for thirty days in a newspaper published in the town, city, or county where the Bank is located, or by mailing to each shareholder notice in writing thirty days before the time affixed for the meeting.

IN WITNESS WHEREOF, we have hereunto set our hands,
this day of 19....

(To be signed by at least five natural persons, preferably the applicants.)

1	_____	_____	14
2	_____	_____	15
3	_____	_____	16
4	_____	_____	17
5	_____	_____	18
6	_____	_____	19
7	_____	_____	20
8	_____	_____	21
9	_____	_____	22
10	_____	_____	23
11	_____	_____	24
12	_____	_____	25
13	_____	_____	26

Have all those who signed the Application for permission to organize sign here (full name—no initials). If you can not get the original five, get your five strongest men to sign, including as many of the original five as possible.

Minutes of the _____ Meeting of Organization Board.

Instead of providing, in section three of the Articles of Association, for the election of the first Board of Directors, the names of the Directors may be given therein if the stockholders are agreed as to the persons who are to constitute the Board. In this event the third article should read as follows:

The board of directors shall consist of ——— shareholders, and the following persons (here insert their names) are hereby *appointed* directors of this association, to hold their offices as such until the regular annual election takes place, pursuant to the fourth article of these articles of association, and until their successors are chosen and have qualified.

The third section, if desired, may be made to provide for what is termed a sliding scale instead of a fixed number of Directors; in other words, a minimum and maximum number of Directors, in which event the section should read as follows:

The board of directors shall consist of not less than (insert minimum number) nor more than (insert maximum number) shareholders; and the following persons (here insert their names) are hereby appointed directors of this association, to hold their offices as such until the regular annual election takes place, pursuant to the fourth article of these articles of association, and until their successors are chosen and have qualified. The number of directors elected at each annual meeting shall constitute the board for the year, all vacancies to be filled as in the other case in accordance with the provisions of section 5148.

Minutes of the ~~Meeting of the Board of Directors~~ Meeting of Organization Board.

ORGANIZATION CERTIFICATE.

(Executed in duplicate.)

We, the undersigned, whose names are specified in article fourth of this Certificate, having associated ourselves for the purpose of organizing an Association for carrying on the business of banking, under the laws of the United States, do make and execute the following Organization Certificate :

First. The title of the Association shall be " The
..... "

Second. The said Association shall be located in the
of, County of, and State of
....., where its operations of discount and deposit are to be carried on.

Third. The Capital Stock of this Association shall be \$
..... dollars,
and shall be divided into shares of one hundred dollars each.

Fourth. The name and the residence of each Shareholder of this Association, with the number of shares held, are as follows :

	NAME	RESIDENCE	No. of Shares
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			

Minutes of the Meeting of Organization Board.

Fifth. This Certificate is made in order that we may avail ourselves of the advantages of the aforesaid laws of the United States.

In witness whereof, we have hereunto set our hands, this.....
day of....., 19.....

(To be signed and acknowledged by those who have signed the Articles of Association.)

1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	

Minutes of the..... Meeting of Organization Board.

(Acknowledgement must be made before Judge of Court or Notary Public.)

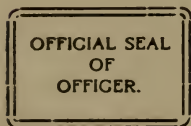
State of _____ }
County of _____ } ss :

Before the undersigned, a _____
of _____ personally appeared _____

to me well known, who severally acknowledged that they executed the foregoing Certificate for the purposes therein mentioned.

Witness my hand and seal of office this

_____ day of _____, 19 _____



Minutes of the _____ Meeting of Organization Board.

OATH OF DIRECTORS

(Sect. 5147, U. S. R. S.)

We, the undersigned Directors of The.....
, located at
being citizens of the United States, and residents
 of the State (or Territory) of.....
 do, each for himself, and not one for the other, solemnly swear that
 we will severally, so far as the duty devolves on us, diligently and
 honestly administer the affairs of said Association; and that we will
 not knowingly violate, or willingly permit to be violated, any of the
 provisions of the Statutes of the United States under which said As-
 sociation has been organized, and, each for himself, does solemnly
 swear that he is the owner in good faith, and in his own right, of
 the number of shares of stock required by said statutes, subscribed by
 him or standing in his name on the books of the said Association;
 and that the same is not hypothecated, or in any way pledged as se-
 curity for any loan or debt.

(Be sure and sign your name in full: John J. Henry, not J. J. Henry.)

SIGNATURE.	SIGNATURE.
1	5
2	6
3	7
4	8

State of } ss:
 County of

Subscribed and sworn to this.....
 day of....., 19.....,
 before the undersigned, a Notary Public in
 and for said county.

OFFICIAL SEAL
 OF
 OFFICER

.....Notary Public.

Also Justice of the Peace or Judge of Court of Record can administer this oath.

NOTE.—Each director when elected must take oath of office, under section 5147, U. S. R. S., the oath should be transmitted to the Comptroller of the Currency immediately after the election. If the officer administering the oath has no seal, a certificate of the proper State, county, or court official to the effect that such officer is authorized to take acknowledgements must be attached.

Minutes of the..... Meeting of Organization Board

(To be filled in after Directors have assumed oath of office and elected their officers.)

Official Signatures of the President, Vice-President, Cashier, and Assistant Cashier of The.....
located at
....., appointed
at a meeting of the Board of Directors held on the
day of....., 19......

[Original signatures necessary.]



.....*President.*

.....*Vice President.*

.....*Vice-President.*

.....*Vice-President.*

.....*Cashier.*

.....*Assistant Cashier.*

.....*Assistant Cashier.*

IMPORTANT.

The signatures of officers should be forwarded, although no change may have taken place, and this paper will be returned for correction unless these directions are followed: (1) The signatures of the Vice-President and Assistant Cashier must be given, if you have such officers, in addition to those of the President and Cashier. (2) Write the word "none" where the office is vacant. (3.) Affix the seal of the bank in the place designated. (4) Insert the title of the bank, and be careful to give date of appointment of officers. (5) Properly brief and promptly forward this paper to the Comptroller of the Currency.

If you do not have your seal when you organize, etc., see "Letter of Instruction" received from the Government with the organization papers.

Minutes of the ————— Meeting of Organization Board.

CERTIFICATE RELATIVE TO PAYMENT OF 50% OF
CAPITAL STOCK.

5168 R. S.

This certificate must be filled out and affirmed before a Justice of the Peace, Notary Public or Judge of Court.

The rulings of prior Comptrollers had been that this paper should be filled out and sent in just as soon as 50% of the capital stock of the bank had been collected, irrespective of what stockholders had paid in the same, taking the clause to mean 50% *in the aggregate*. The present Comptroller, however, rules it to mean 50% *on each share*, so you must collect that amount *on each share* before you can send in this paper. This ruling is a decided disadvantage to any bank being organized under this ruling, as there are always good, reliable men in each community who, because of other affiliations, can not or will not take a hold during the organization period, and in order to hold shares of stock for such very desirable parties, the Directors are compelled either to purchase enough shares outright, or as *private individuals* borrow enough money to carry those shares—and in a number of cases the writer has known where a Board of Directors not being willing to do this, were unable to secure shares to draw in some of the best men in their towns, thereby losing their patronage. The writer was on a street car with one of the Directors of a bank that had lately been organized in a town close by, when the Director spied a prominent manufacturer of his town who had as yet refused to affiliate himself with the new bank. Mr. Director tackled him and Mr. Manufacturer replied: "Yes, if you had given me some shares in your bank I would have at least kept my *contingent fund* there; as it is the bank in is good enough for me." The reply was "Hold on, we reserved five shares for you that you can have any time that you are ready for them." Result: Mr. Manufacturer is now carrying not only his *contingent fund* but his *entire account* at that bank and is slated for a Directorship, a clear gain of thousands of dollars a year caught by a reserve of five shares.

Minutes of the _____ Meeting of Organization Board.

The Certificate also contains the clause "that all legal requirements had been complied with," such as selling stock, filling out organization papers, purchasing bonds, etc.

Fill in blank, inserting title of bank and location, give name and residence and number of shares of stock held by each Director. Be sure that the number of shares mentioned in this certificate corresponds with the number assigned to each Director as listed in the Organization Certificate.

Form Used in Certifying to the Payment of 50% of Capital Stock in State Banks.—Pennsylvania Form.

TO THE COMMISSIONER OF BANKING
OF THE
COMMONWEALTH OF PENNSYLVANIA.

Pursuant to Section Nine of the Act of May 13th, 1876, as amended by the Act of February 11th, 1895, we do hereby certify that _____ per cent. of the Capital Stock of the _____ of _____, Pa., incorporated under the Act above referred to, amounting to \$ _____, has been paid in, in cash.

President.

Cashier.

Commonwealth of Pennsylvania, }
County of _____ } ss :

Before me, a Notary Public in and for said county and State, came, on _____ 191____, _____ President, and _____ Cashier, of the above named bank, who, being duly sworn, depose and say that the statement made in the foregoing Certificate is true and correct.

Notary Public.

My commission expires _____.

Minutes of the _____ Meeting of Organization Board.

Certificate of Officers and Directors Relative to Payment of
Capital Stock and Compliance with Other
Legal Requirements.

....., 19....

The undersigned, Officers and Directors of
..... located at
organized under the provisions of the Revised Statutes of the
United States authorizing the organization of national banking
associations, do hereby certify that of the authorized capital stock
of \$..... there has been paid into said bank, in cash, as
permanent capital, \$....., and that no part of this sum is
represented by promissory notes or other evidences of debt; also
that the name and place of residence of each Director, and the
amount of stock individually owned in good faith, are as follows:

* NAME OF DIRECTOR.	PLACE OF RESIDENCE. (Town or City and State.)	NUMBER OF SHARES OF STOCK. (See organization certificate)
1.....
2.....
3.....
4.....
5.....
6.....

The names, etc., of *all* the directors of the association should appear
on this page. A majority of the directors, exclusive of the president or
cashier, must sign on the following page and make acknowledgement.

The names of *all* the Directors must be listed here. Be sure
that the number of shares of stock listed here correspond with
the number listed in Organization Certificate. Directors need
not sign their own names here.

Minutes of the Meeting of Organization Board.

It is further certified that the association has in good faith complied with all of the provisions that are required to be complied with before receiving authority to commence the business of banking.

.....

.....

.....

.....

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.....

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}

Directors.

The majority of your Directors *must sign their own names* here; *i. e.*, if you have thirteen Directors, seven must sign here and the President signs below. As the officer certifying to the paper can not certify also as a Director *to make a majority*, therefore you can not count his name in with the above seven.

....., *President.*

....., *Cashier.*

State of.....

County of.....

}

ss :

Before the undersigned, a of personally appeared the above-named directors and other officers of the aforesaid National bank, and made oath that the foregoing certificate and the matters and things therein set forth are true to the best of their knowledge and belief.

Witness my hand and seal of office this day of, 19....

OFFICIAL SEAL
OF
OFFICER

.....

To be acknowledged before a Notary Public, Justice of the Peace or Judge of Court.

Minutes of the Meeting of Organization Board.

Daily Banker and Stockholder, N. Y., Oct. 1, '10.

THE EXAMINATION OF A BANK PRIOR TO GRANTING A CHARTER.

D. E. Ainger, National Bank Examiner for Michigan, discussing this, says:

Preliminary to the granting of a charter for a new bank it usually is the practice of the Comptroller to request information from examiners operating in the district as to the financial standing and the experience and general repute of the applicants. He will also desire to be advised as to the local conditions and if the field offers opportunity for the establishment of a creditable banking institution.

If the reports are favorable the examiner is later ordered to make a preliminary examination before the bank is authorized to begin the transaction of business. The instructions require (1), that at such examination it must be specifically ascertained: That the organization proceedings have been regular. (2), that a list of shareholders should be carefully made, noting any changes made since the organization certificate was executed and giving the amount of shares subscribed for by each. (3), that the examiner shall ascertain if the stock was sold in excess of par, and, if so, what disposition was made of the premium. Also if each subscriber has paid 50 per cent. of his subscription to the capital stock, and where the funds are deposited.

It is a very easy matter to admit new banks into the system, but it is quite difficult to weed out an undesirable one. Banks that have a capable and honest board of directors rarely give the department cause for apprehension and seldom, if ever, cause loss to either depositors or shareholders. Hence, in making the preliminary examinations, as well as the regular ones, examiners should be mindful that there are unwritten considerations that should not be ignored, to the end that the Comptroller should be placed in possession of a complete knowledge of all conditions bearing upon the subject.

It was stated recently in a prominent financial journal that substantially one-third of the applications for authority to organize new banks were rejected by the Comptroller. This is surely a case where an ounce of prevention was worth more than a pound of cure.

It has frequently happened that two or more National banks have been established in a community where the public convenience could as well have been satisfactorily served by a less number. This condition is productive of harmful competition and bad banking methods and the Comptroller has the best interest of the service in mind in giving consideration to this phase of the subject in authorizing the establishment of new banks.

We all naturally feel a warranted pride in the National banking system and we welcome the establishment of new banks in our respective territories. This sentiment is laudable and proper provided there is a reason to believe the new banks will develop into prosperous institutions.

It is doubtful if an examiner is called upon to perform a more important service than here outlined. If character constitutes an important element in the establishment of personal credit it is certainly no less important in determining the credibility of those who propose to organize banking institutions. If unworthy and speculative elements can be primarily barred from National banks, much will have been accomplished to justly entitle the banks to public confidence, and it will also greatly simplify the labors of future supervision.

On the question of new charters and *modus operandi* of procuring comprehensive data for use of the Comptroller in determining their advisability, E. Southall, National Bank Examiner for Southern Pennsylvania, says:

This subject has been assigned to me, no doubt, on account of my twenty years' experience in the office of the Comptroller of the Currency, where I last served as chief of the Organization Division, and I will endeavor to briefly set forth the course which should be pursued to make a satisfactory examination for the purpose of ascertaining whether all legal requirements have been satisfied in connection with the organization of a National bank or the conversion of a State bank, thus warranting the issuance of certificate authorizing the commencement of business as a National banking association.

It is advisable to proceed substantially as follows :

Examine proceedings of all meetings, articles of association, organization certificate and any other duplicate papers retained for the files of the bank ; also original stock subscriptions, comparing latter with said certificate, which should contain a bona fide list of shareholders.

See whether directors and officers were regularly elected or appointed, and ascertain salaries and bonds of officers and employees.

Find out whether at least 50 per cent. of capital stock has been paid in cash and give name of each shareholder or assignee, number of shares and amount paid on capital, also amount paid on surplus, if any.

Ascertain where money received from shareholders other than that expended for bonds, etc., is on deposit, and whether in name of bank, being particular to verify.

Information should be submitted as to banking facilities, whether building is owned or rented, insured, suitable and conveniently located, also with regard to place of location, population, industries, etc., and whether there is apparently sufficient business to insure a successful career.

Careful inquiry should be made as to the standing of directors and officers, bearing in mind that it is desirable that a bank be organized and managed by good, substantial citizens—in fact, the best men of the community so far as possible.

When a National bank is being organized to succeed another banking institution, the examiner should, in addition to pursuing the course above outlined, pass upon and report as to the character and value of the assets to be purchased and transferred from one bank to the other after charter has been issued, and not before. From this it will be seen that the acquirement of such assets as may be taken under the law must be a distinct transaction and have no connection with the payment of capital stock, it being necessary that at least 50 per cent. of capital be paid in cash before charter is granted. A detailed examination of the State bank or other banking institution should be made if there is no objection thereto, otherwise only the assets to be acquired.

Under Section 5154, United States Revised Statutes, any bank incorporated by special law or any banking institution or-

ganized under a general law of any State may become a National association. While, in such a case, conversion papers must be executed, no moneys need be paid in by shareholders if the bank has a paid in and unimpaired capital stock of requisite amount. All that is necessary, therefore, is to make a thorough examination to determine whether the bank has sufficient solvent and readily convertible assets to offset its liabilities, such assets as can be held by a National bank. The purchasing of assets is not involved as, upon conversion, all of the property of the State bank becomes that of the National bank, and the latter is liable for all debts of the former.

In submitting report of examination of a bank of primary origin, succession, or conversion, the examiner should give the department the benefit of his judgment whether all proceedings have been regular and conditions are such as to justify the issuance of certificate authorizing the commencement of business.

Minutes of the Meeting of Organization Board.

COMPTROLLER'S AUTHORITY TO COMMENCE THE BUSINESS OF BANKING.

When the examiner who made the preliminary examination of your bank sends in a favorable report, you will receive—by telegram—permission to begin the business of banking, and your charter will be mailed to you—you need not await its arrival, as your telegram is your authority to open your doors for business.

COPY OF CHARTER.

No. _____

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,

Washington, _____, 19__

Whereas, by satisfactory evidence presented to the undersigned, it has been made to appear that—

The _____, located in the _____ of _____, in the county of _____ and State of _____, has complied with all the provisions of the statutes of the United States required to be complied with before an association shall be authorized to commence the business of banking ;

Now, therefore, I, _____, Comptroller of the Currency, do hereby certify that—

The _____, located in the _____ of _____, in the county of _____ and State of _____, is authorized to commence the business of banking as provided in section fifty-one hundred and sixty-nine of the Revised Statutes of the United States.

In testimony whereof witness my hand and seal of office this _____ day of _____, 19__.

[SEAL]

Comptroller of the Currency.

Minutes of the Meeting of Organization Board.

OATH OF PUBLICATION.

The certificate of the Comptroller authorizing your bank to open for business must be published for sixty days in a newspaper printed in the city or county where the bank is located ; this may be in a weekly newspaper or a weekly edition of a daily.

If there is no paper published in your town or county, you must publish the following charter in a newspaper published in a locality nearest to your place of business.

State of _____ }
County of _____ } ss :

Cut the printed notice from the newspaper and attach here.

_____ being duly sworn, deposes and says that he is the publisher of _____ a _____ newspaper published in the _____ of _____, County of _____, State of _____, and that the annexed advertisement of the Comptroller's Certificate authorizing the _____ to begin the business of banking has appeared in each issue of said paper for a period of at least sixty days, beginning the _____ day of _____ and ending the _____ day of _____ 19

Forward notice to Comptroller of Currency as promptly as possible.

Subscribed and sworn to before me, a _____ in and for the State and County aforesaid, this _____ day of _____, 19



Minutes of the Meeting of Organization Board

**Author's Form Used Where Applications for State Bank
Charters Have to Be Advertised.**

OATH OF PUBLICATION.

State of..... }
County of } ss :

Cut the printed notice from the newspaper and attach here.

NOTICE!

NOTICE is hereby given that an application will be made to the Governor of the State of Pennsylvania, on the 22nd day of April, 1910, by Jno. R. Baer, James Lau and Lloyd L. Bentz, citizens of the Commonwealth of Pennsylvania, under the provisions of an Act of General Assembly of the Commonwealth of Pennsylvania, approved the 13th day of May, A. D. 1876, entitled "An act for the incorporation and regulation of Banks of discount and deposit," and the supplements thereto, for the Charter of an intended corporation to be called "Farmers and Merchants Bank," and to be located in the borough of Dillsburg, and county of York, State of Pennsylvania, for the purpose of carrying on the business of Banking under the provisions of the Act aforesaid and the supplements thereto. The amount of the Capital Stock is \$25,000.00 divided into 500 shares of Fifty Dollars each.

JOHN R. BAER,
JAMES LAU,
LLOYD L. BENTZ.

Forward notice to Commissioner of Banking as promptly as possible.

being duly sworn, deposes and says that he is the publisher of.....

a..... newspaper published in the.....

of....., County of....., State of....., and that

the annexed advertisement of application for Charter of the.....

..... has appeared in issue of

said paper for thirteen consecutive weeks, beginning the.....

day of..... and

ending the.....

day of..... 19.....

Subscribed and sworn to before me, a..... in and for the State and County aforesaid, this..... day of....., 19.....



Minutes of the Meeting of Organization Board.

**Form Used by Author When Application for State Bank
Charters Have to Be Advertised *Previous* to Char-
ter Being Granted, as in Pennsylvania.**

NOTICE.

Notice is hereby given that an application will be made to the Governor of the State of Pennsylvania, on the day of 1910, by citizens of the Commonwealth of Pennsylvania, under the provision of an Act of General Assembly of the Commonwealth of Pennsylvania, approved the 13th day of May, A. D. 1876, entitled "An Act for the incorporation and regulation of Banks of discount and deposit," and to be called ".....," and to be located in the of, county of, State of Pennsylvania, for the purpose of carrying on the business of Banking under the provisions of the Act aforesaid and the supplements thereto. The amount of the Capital Stock is \$....., divided into shares of fifty dollars each.

To be signed by three of the petitioners, embodying in the application the names of six or eight of your strongest men, thereby giving your application a standing in your community.

Form Used by Author When Application for State Bank
Charters Have to Be Advertised *Previous* to Char-
ter Being Granted, as in Pennsylvania.

NOTICE.

(§25,000 Bank.)

Notice is hereby given that an application will be made to the Governor of the State of Pennsylvania, on the day of 1910, by citizens of the Commonwealth of Pennsylvania, under the provision of an Act of General Assembly of the Commonwealth of Pennsylvania, approved the 13th day of May, A. D. 1876, entitled "An Act for the incorporation and regulation of Banks of discount and deposit," and Act of May 3, 1909, and to be called "," and to be located in the of county of State of Pennsylvania, said of having less than 5000 inhabitants, for the purpose of carrying on the business of Banking under the provisions of the Acts aforesaid and the supplements thereto. The amount of the Capital Stock is \$ divided into shares of fifty dollars each.

This form to be used
for banks having \$25,000
Capital Stock.

To be signed by three of the petitioners, embodying in the application the names of six or eight of your strongest men, thereby giving your application a standing in your community.

NOTE.—These forms, being used in the State of Pennsylvania, are only given here as a guide for organizers in other States and not as the forms to be used outside of Pennsylvania. Form on page 100 is used for banks having capital stock of \$50,000, on page 101 for \$25,000 banks *only*.

RESERVE AGENTS.

After having gone so far with your organization, it is time you should make arrangements to have your Reserve Agents appointed. It is best to ask for two appointments, the one a New York bank, the other a bank in your nearest reserve city.

The reserve cities are: Albany, Baltimore, Brooklyn, Boston, Cedar Rapids, Cincinnati, Cleveland, Columbus, Dallas, Denver, Des Moines, Detroit, Dubuque, Fort Worth, Houston, Indianapolis, Kansas City, Mo.; Lincoln, Los Angeles, Louisville, Milwaukee, Minneapolis, New Orleans, Omaha, Philadelphia, Pittsburg, Portland, St. Joseph, St. Paul, Salt Lake City, San Francisco, Savannah, Washington, Wichita. So choose the one in the town nearest to your bank, notify the bank of your desire and they will attend to all the necessary details for you.

The law requires all banks to have on hand in lawful money of the United States at least 25 per cent. of their deposits, if situated in "Reserve Cities;" in all others at least 15 per cent. of their deposits. Three-fifths of this 15 per cent. Reserve may be kept in Reserve City banks, approved by the Comptroller.

In selecting such reserve agencies it is very important that a wise selection be made. The whole future success of the bank may depend on having relations with banks that will treat the new organization with liberality and consideration.

U. S. BONDS TO SECURE CIRCULATION.

National Banks with a capital of \$50,000 or less are required to deposit bonds equal to one-fourth of their capital, and at least \$50,000 must be deposited by banks with capital over \$150,000. Banks may or may not issue circulating notes; these notes may be issued equal to the par value of the bonds, not exceeding the amount of paid-in capital stock.

The best way for you to do is to mail New York draft for a little more than the amount of bonds you wish to purchase to your nearest reserve agent and let them purchase the bonds for you and transmit same to Washington, as they are better

Minutes of the _____ Meeting of Organization Board.

qualified to judge which bonds to purchase. You will always find your reserve agents willing to oblige you in this.

You order your circulation in proportion to amount of bonds you wish to purchase, *i. e.*, if you invest only the minimum amount of 25 per cent. of your capital stock, you order one and one-half times that amount of currency.—See note on order sheet for more explicit instructions and also the answer received to one order that was wrongly placed.

Minutes of the..... Meeting of Organization Board.

*Letter.....**Series of 1902.*

ORIGINAL ORDER FOR PLATES AND CIRCULATION.

Charter No......*NATIONAL.....BANK OF.....*

....., 19....

TO THE COMPTROLLER OF THE CURRENCY.

Sir:

You are requested to have plates engraved for this bank, the cost to be paid upon demand, and circulating notes printed therefrom as follows :

Cost of Plates	No. of Sheets Ordered.	Denominations on Sheets.	Value Per Sheet.	Amount of Order
\$75.....	\$5, \$5, \$5, \$5.....	\$20.....	\$.....
75	\$10, \$10, \$10, \$20...	50.....
75.....	\$10, \$10, \$10, \$10...	40
50.....	\$50, \$100	150..
		TOTAL.....

Respectfully,

.....

Cashier.

NOTE.—Original orders for circulation should be as nearly *one and one-half* in amount of the par value of bonds to be deposited as can be made from multiples of the face value of sheets of notes ordered. Circulation ordered in excess of the bonds deposited will be required to replace mutilated notes returned for redemption and destruction.

The Act of March 14, 1900, provides that no national bank shall be entitled to receive from the Comptroller, or to issue more than one-third in amount of its circulating notes of the denomination of \$5. Banks desiring the full amount of circulation to which they are entitled, including notes of the denomination of \$5, must order, at least, two plates.

It will require about forty days to engrave the plate and to print circulating notes, but the order can not be acted upon until all legal requirements are satisfied, including the deposit of bonds with the Treasurer of the United States, as the charter number of the association, which can not be previously determined, must appear upon the plate from which the notes are printed.

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Letter Book W.

NOTICE OF ORDER TO ENGRAVE PLATE.

TREASURY DEPARTMENT, OFFICE OF THE COMPTROLLER OF THE
CURRENCY.

Washington, D. C.,, 19....

CASHIER

Sir:

The Director of the Bureau of Engraving and Printing has this day been requested, as per your original order, to prepare plate \$10, \$10, \$10, \$20, for your bank, and to print therefrom \$22,500. *Order has been increased to meet the requirements of the Act of May 30, 1908.*

When ready, which will be in about forty-five days, the amount due will be forwarded, and the balance held in the vault of this office to reimburse your bank for any of its mutilated notes that may be redeemed and destroyed.

Please remit draft on New York for \$75 (Note), to the order of the Comptroller of the Currency, to pay for the plate.

Respectfully,

W. J. FOWLER,

Deputy Comptroller.

Should you desire some \$5.00 notes, you would have to purchase an additional plate at the expense of \$75.00.

VOTING POWERS OF STOCKHOLDERS.

In all elections of directors, and in deciding all questions at meetings of shareholders, each shareholder shall be entitled to *one vote on each share of stock* held by him. Under section 5144, shareholders may vote by proxies duly authorized in writing, but *no officer, clerk, teller, or bookkeeper* of the association can act as proxy, and no shareholder whose liability is past due and unpaid shall be allowed to vote. The Comptroller, supported by certain decisions of the courts, holds that a *director is an officer* within the meaning of said section, and, furthermore, that the prohibition with regard to the voting of stock by a shareholder who is liable to the bank merely applies to subscriptions to capital stock.

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CUMULATIVE VOTING.

Cumulative voting at meetings of national banking associations is not permissible. For instance, if a shareholder is the owner of ten shares of stock and seven directors are to be elected, he can not cast seventy votes in favor of any one person as a director, but can only cast ten votes for each of the seven candidates, or for as many of the seven as he sees fit.

FORM OF PROXY.

Know all men by these presents that I, _____, do hereby constitute and appoint _____ attorney and agent for me, and in my name, place, and stead to vote as my proxy at any and all elections of directors of _____ according to the number of votes I should be entitled to vote if there personally present.

In witness whereof I have hereunto set my hand this _____ day of _____, one thousand nine hundred and _____.

Signed in presence of—

_____.

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WHAT YOUR WASHINGTON AGENTS WILL DO FOR YOU.

The relation of a National Bank to the government requires that it be represented by attorney before the Treasury Department, under Section 5184 of the Bank Act and Treasury Regulations, to attend to the counting, examining and witnessing the destruction of its circulating notes redeemed, which are unfit for further use, and under Section 5166 to examine annually the bonds of the bank on deposit with the U. S. Treasurer.

In addition to these regular duties there are many other matters which from time to time call for personal and experienced services at the Department, and for this reason the writer's company has entered into an arrangement with the firm of A. S. Pratt and Sons, of Washington, D. C., to represent before the Department the banks they organize, as this firm has acted as attorney for National Banks from the inauguration of the National Banking System.

Besides performing the above named duties for our banks, they also render a great many other valuable services, viz :

1. They furnish bonds to secure charter and circulation.
2. They make lawful money deposits to withdraw bonds for banks reducing circulation.
3. They wire the date the Comptroller calls for statement of condition of banks as soon as announced, thus avoiding the delay of mail and saving valuable time.
4. They send the new currency of banks by registered mail, insured, when cheaper than by express, serving over one thousand banks in this way.
5. They attend to a great variety of matters for the banks at the Department, and answer innumerable letters and questions concerning the rights and restrictions under the Bank Act.

In brief, they make the interests of the banks their own, looking carefully after their business, and as their office is situated directly opposite the Department, they can do this all the more readily, and they are constantly at the Department attending to a great variety of matters for their correspondents.

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BY-LAWS.

A copy of the by-laws must be filed in the Comptroller's office as soon as adopted.

By-laws must conform to the requirements of the national banking laws and your articles of association and can not be changed in any way conflicting with either.

GENERAL FORM FOR BY-LAWS.

By-laws of the _____ organized under the laws of the United States, and authorized by the Comptroller of the Currency to carry on the business of banking.

ELECTIONS.

1. The regular annual meetings of stockholders of this bank for the election of directors and for the transaction of other legitimate business, shall be held between the hours of ten o'clock a. m. and three o'clock p. m. on the day specified in the articles of association, and the thirty days' notice of the time and object of such meetings thereby required shall be given by the president, vice-president, or cashier, by publication in _____. The board of directors shall, within one month previous to the date fixed for such meetings, appoint three stockholders to be judges of the election for directors, who shall hold and conduct the election, and who shall, under their hands, notify the person acting as cashier of this bank of the result thereof as soon as ascertained, and of the names of the directors-elect.

2. The person acting as cashier shall thereupon cause the returns made by the judges of election to be recorded upon the minute-book of the bank, and shall notify the directors chosen of their election, and of the time for them to meet at the banking house for the organization of the new board. If at the time fixed for such meetings there should be no quorum in attendance, the directors-elect present may adjourn from time to time until a quorum shall be obtained.

3. The directors-elect shall meet for organization, upon the notification given in accordance with law 2, within one week, from the time of their election, but shall not do any business whatever prior to qualifying by taking the oath of office as required by law.

4. If the annual election for directors should not be held on the day fixed by the articles of association, the directors in office shall order a special election, of which notice shall be given, judges appointed, and returns made and recorded upon the minute-book; and the directors chosen thereat shall be certified to the cashier, and notified as provided by laws 1 and 2.

OFFICERS.

5. The officers of this bank shall be a president, vice-president, (who shall be members of the board of directors), cashier, and such

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other officers as may be required from time to time for the prompt and orderly transaction of its business; and all officers, clerks, and agents shall be elected, appointed, or employed by the board of directors, or with the consent thereof, and their several duties may be prescribed by the board.

6. The president shall hold his office for the current year for which the board of which he shall be a member was elected, unless he shall resign, become disqualified, or be removed; and any vacancy occurring be filled by the remaining members.

7. The cashier and the subordinate officers and clerks shall be appointed to hold their offices respectively during the pleasure of the board of directors.

8. The cashier of this bank shall be responsible for all the moneys, funds, and valuables of the bank, and shall give bond, with security to be approved by the board, in the penal sum of _____ dollars, conditioned for the faithful and honest discharge of his duties as such cashier, and that he will faithfully apply and account for all such moneys, funds, and valuables, and deliver them to the order of the board of directors of this bank, or to the person or persons authorized to receive them.

9. The president of the bank shall be responsible for all such sums of money and property of every kind as may be intrusted to his care or placed in his hands by the board of directors or by the cashier, or otherwise come into his hands as president, and shall give bond, with security to be approved by the board, in the penal sum of _____ dollars, conditioned for the faithful discharge of his duties as such president, and that he will faithfully and honestly apply and account for all sums of money and other property of this bank that may come into his hands as such president, and pay over and deliver them to the order of the board of directors, or to any other person or persons authorized by the board to receive them.

10. The teller shall be responsible for all such sums of money, property, and funds of every description as may from time to time be placed in his hands by the cashier, or otherwise come into his possession as teller, and shall give bond, with security to be approved by the board of directors, in the penal sum of _____ dollars, conditioned for the honest and faithful discharge of his duties, and that he will faithfully apply, account for, and pay over all moneys, property, and funds of every description pertaining to this bank that may come into his hands by virtue of his office as teller, to the order of the board of directors, or to such person or persons as may be authorized by the board to receive them.

11. The bonds of the officers shall be placed in the custody of a stockholder of this bank, to be designated by the board of directors, who shall not be one of the bonded officers, to be surrendered by him only upon the order of the board.

SEAL.

12. The impression made below is an impression of the seal adopted by the board of directors of this bank.

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CONVEYANCE OF REAL ESTATE.

13. All transfers and conveyances of real estate shall be made by the bank, under the seal thereof, in accordance with the orders of the board of directors, and shall be signed by the president or cashier.

INCREASE OF CAPITAL STOCK.

14. Whenever an increase of stock shall be determined upon in accordance with the articles of association of this bank, it shall be the duty of the board of directors to cause all the stockholders to be notified thereof, and a subscription to be opened therefor, specifying the terms of payment agreed upon by subscribers. Each stockholder shall be entitled to subscribe for shares of the new stock in proportion to the number of shares he already owns; but if any stockholder shall fail to subscribe for such new stock as he may be entitled to, or to pay his subscription according to agreement, the board of directors shall determine what disposition shall be made of the privileges of subscribing for the new stock not taken.

BUSINESS OF THE BANK.

15. The bank shall be open for business from — o'clock a. m. to — o'clock p. m. each day, except Sundays and days recognized by the laws of this State as holidays.

16. The board of directors of this bank shall hold regular meetings at the banking-house for the transaction of business on _____ of each week, and should that day in any year fall upon a holiday, the regular meeting for that week shall be held on such other day as the directors at the preceding meeting may order.

The board may also hold special meetings upon the call of the president, cashier, or any three or more members, and whenever there shall not be a quorum at a regular or special meeting, the members present may adjourn the meeting from day to day until a quorum shall be obtained; and any meeting may be adjourned from time to time by a vote of a majority of a quorum present, but no business except adjournment shall be transacted in the absence of a quorum.

17. There shall be a committee, to be known as the exchange committee, consisting of the president, — directors, and cashier, who shall have power to discount and purchase bills, notes, and other evidences of debt, and to buy and sell bills of exchange; and who shall, at each regular meeting of the board of directors, make a report of all bills, notes, and other evidences of debt discounted and purchased by them for the bank since their last previous report, this report shall be approved by the Board and duly recorded.

18. The board of directors may appoint one of its members or an officer of the bank to act as its secretary.

19. No officer or clerk of this bank shall pay any check drawn upon it, or pay out money on any order, unless the drawer of such check or order shall, at the time of the presentation thereof, have on deposit in the bank funds sufficient to meet such check or order.

20. The earnings of this bank shall be disposed of according to

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orders of the board of directors, made at regular or special meetings, and no dividend shall be paid to stockholders, or other disposition of earnings made, except upon order of the board.

21. The organization papers of this bank, as executed and filed with the Comptroller of the Currency, the returns of judges of the elections, the proceedings at all regular and special meetings of the board of directors, the by-laws, and all changes and all amendments thereof, and the report of examining committees of directors, made according to law 28, shall be recorded in the minute-book; and the minutes of each meeting of the board shall be signed by the president and attested by the cashier.

22. The board of directors shall have power to prescribe and when expedient, to change the form of books and accounts to be used in the transaction of the business of this bank, and to prescribe the general or particular manner in which its affairs shall be conducted. Minute-Book (copy back on cover).

TRANSFER OF STOCK.

23. The stock of this bank shall be assignable and transferable only on the books of this bank, subject to the restriction and provisions of the banking laws, and a transfer book shall be provided, in which all assignments and transfers of stock shall be made.

24. Transfers of stock shall not be suspended preparatory to the declaration of dividends; and unless an agreement to the contrary shall be expressed in the assignments, dividends shall be paid to the stockholders in whose name the stock shall stand at the date of the declaration of dividends.

25. Certificates of stock signed by the president and cashier shall be issued to stockholders, and the certificates shall state upon their face that the stock is transferable, and the certificates shall state upon their face that the stock is transferable only on the books of the bank.

EXPENSE.

26. All the current expenses of this bank shall be paid by the cashier, who shall, every six months, or oftener if required, make to the board of directors a detailed statement thereof.

CONTRACTS.

27. All contracts, checks, drafts, etc., for this bank, and all receipts for circulating notes received from the Comptroller of the Currency, shall be signed by the president or cashier.

EXAMINATIONS.

28. There shall be appointed by the board of directors a committee of —— members thereof, whose duty it shall be to examine every three months the affairs of this bank, to count its cash, and compare its assets and liabilities with the accounts of the general ledger, ascertain whether these accounts and all others are correctly kept, whether the condition of the bank corresponds therewith, and whether the bank is

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in a sound and solvent condition, and to recommend to the board such changes in the manner of doing business, etc., as shall seem to be desirable, the result of which examination shall be reported to the board at the next regular meeting thereafter.

QUORUMS.

29. A majority of the directors, including the president, (or in his absence the vice-president,) shall be a quorum to do business.

AMENDMENTS.

30. These by-laws may be changed or amended by the vote of two-thirds of the directors.

31. A copy of the by-laws of this bank as in force shall be kept in a convenient place in the bank, to which any stockholder shall have free access during the regular hours of business.

32. No director is to endorse any accommodation paper that is to be discounted at this bank.

BANKING ROOM AND FIXTURES.

Banking Room.—It is needless to say that the banking room or building should be in as prominent a place as it is possible to place it, as position alone will be one of its main and strongest advertising features.

Size of Room.—The size of the banking room is not of such great importance. Of course, you should have a fair amount of floor space and any manufacturer of bank furniture will prepare blue prints for you, showing just how you have to arrange your fixtures to the best possible advantage, thereby economizing valuable space.

For your guidance I might add that a fair sized room for the average country bank should be about 28 by 45 feet inside measurement, giving ample room for vaults, fixtures, etc.

Temporary Quarters.—Should you decide to go into temporary quarters, you should purchase your fixtures from a firm that makes a specialty of that class of work, as they will make same in sections (knock down), so that when you are ready to move into your permanent quarters, all you will have to do is to add more sections so as to give you the required desk space, allowing you to use your old furniture, doing away with all waste.

Fixtures.—In choosing your fixtures do not be too saving. You can not afford anything but the best, as your fixtures are one of the objects by means of which you must impress your

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future patrons after you once get them into your banking room, for curiosity may tempt them to make an inspection of your bank and they will look for more elegance in your place than they would expect to see in the store on the opposite corner of the square, and they will judge the future success of the institution by its appearance, and in banking, as well as in any other business, nothing "succeeds like success," and you will find you gain a patron, much sooner, if your visitor sees that you have good, substantial furnishings in your bank. Especially should you be well prepared to show him the preparations you have made to safeguard any funds that he might place into your hands for safe keeping, and you should take *especial* care to show and explain to him your nest of Safe Deposit Boxes.

Safe.—You should purchase the best and latest form of safes on the market. Just now those safes made out of *manganese steel* seem to have the best reputation, and you can advertise them without fear of adverse criticism. The writer has heard a National Bank Examiner praise a Bank Board for placing one of these safes into their vault, claiming the manganese safes to be the best safes on the market.

Vaults.—Do not make the mistake that so many do in building their vaults, but remember that the older your bank becomes, the more vault space you will require, and the only chance you will have to prepare for your future needs in this respect will be while you are putting up your building; therefore, do not be afraid of building it too large; a vault should never be less than 8 feet inside measurement, and where space will permit, you ought to build it double length so as to have your Safe Deposit Department separate and distinct from your bank vault.

After deciding on building a vault, get into communication with your Safe and Vault Houses and get them to send you blue prints, which they will be glad to do without making any charges for same.

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THE SOVEREIGN STATES.

The Sovereign States and Territories and the proper officials to whom requests for information concerning the organization of State Banks should be addressed :

STATE.	BANKING OFFICIALS.
1. Alabama.....	State Treasurer
2. Alaska.....	No Banking Laws or Officials
3. Arizona (Territory).....	Territorial Auditor (Bank Controller)
4. Arkansas.....	Secretary of State
5. California.....	State Board of Bank Commissioners
6. Colorado.....	Commissioner of Banking
7. Connecticut.....	Commissioners of Banking
8. Delaware.....	Insurance Commissioner
9. District of Columbia.....Comptroller of the Currency, Washington, D. C.
10. Florida.....	State Comptroller
11. Georgia.....	State Bank Examiner
12. Hawaii (Territory).....	Territorial Treasurer
13. Idaho.....	Commissioner of Banking
14. Illinois.....	State Auditor
15. Indiana.....	State Auditor
16. Iowa.....	State Auditor
17. Kansas.....	Commissioner of Banking
18. Kentucky.....	Secretary of State
19. Louisiana.....	State Bank Examiner
20. Maine.....	Bank Examiner
21. Maryland.....	State Treasurer
22. Massachusetts.....	Board of Bank Incorporation
23. Michigan.....	Commissioner of Banking
24. Minnesota.....	Public Bank Examiner
25. Mississippi.....	State Auditor
26. Missouri.....	Commissioner of Banking
27. Montana.....	Secretary of State
28. Nebraska.....	State Banking Board
29. Nevada.....	Board of Bank Commissioners

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STATE.	BANKING OFFICIALS.
30. New Hampshire.....	Bank Commissioners
31. New Jersey.....	Commissioner of Banking
32. New Mexico.....	State Auditor
33. New York.....	Superintendent of Banks
34. North Carolina.....	Corporation Commission
35. North Dakota.....	State Banking Board
36. Ohio.....	Superintendent of Banks
37. Oklahoma.....	Commissioner of Banking
38. Oregon.....	Bank Commissioners
39. Pennsylvania.....	Commissioner of Banking
40. Rhode Island.....	Commissioner of Banking
41. South Carolina.....	Secretary of State
42. South Dakota.....	Secretary of State
43. Tennessee.....	Comptroller
44. Texas.....	Superintendent of Banking
45. Utah.....	Secretary of State
46. Vermont.....	Commissioner of Banking
47. Virginia.....	Corporation Commission
48. Washington.....	Secretary of State
49. West Virginia.....	Comissioner of Banking
50. Wisconsin.....	Commissioner of Banking
51. Wyoming.....	State Bank Examiner

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